

Rate Review Process

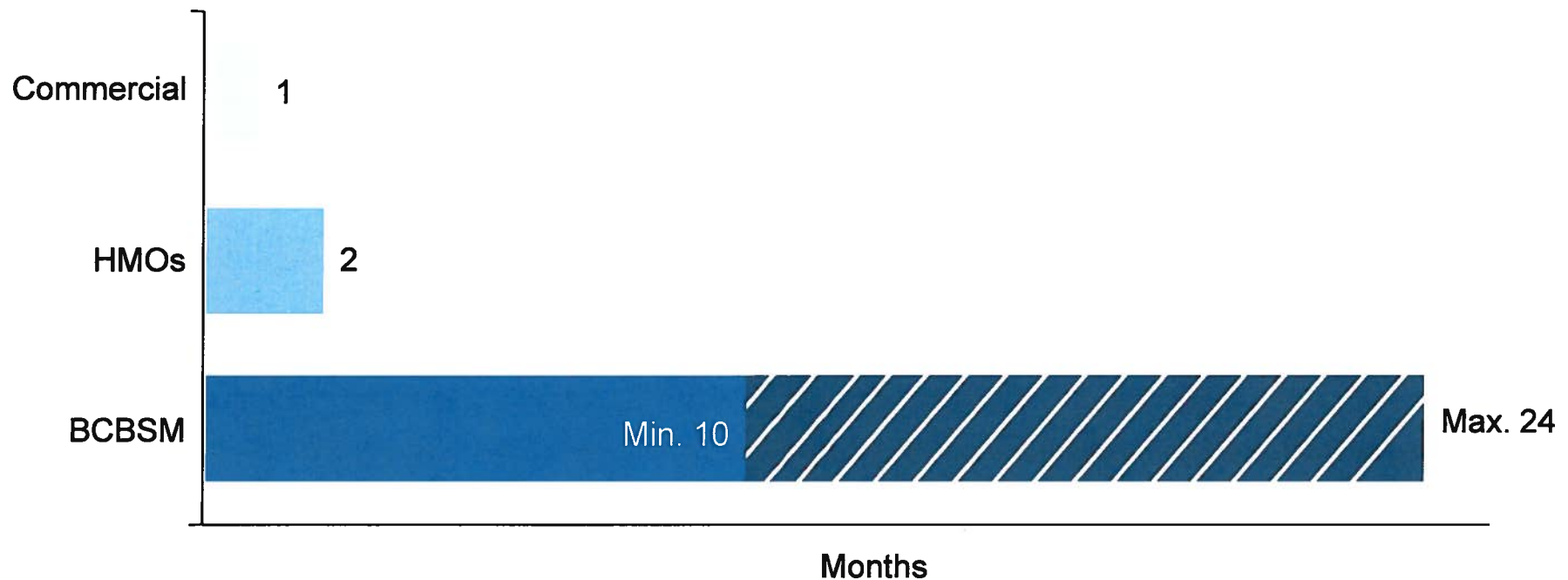
November 2012

Guiding principle for state rate review

Modern, streamlined approval system
where all insurers play by the same
rules

*A level regulatory playing field will increase
competition -- reducing health care costs,
improving quality, and giving customers
more choices*

The current individual rate review process is not level and treats insurers differently



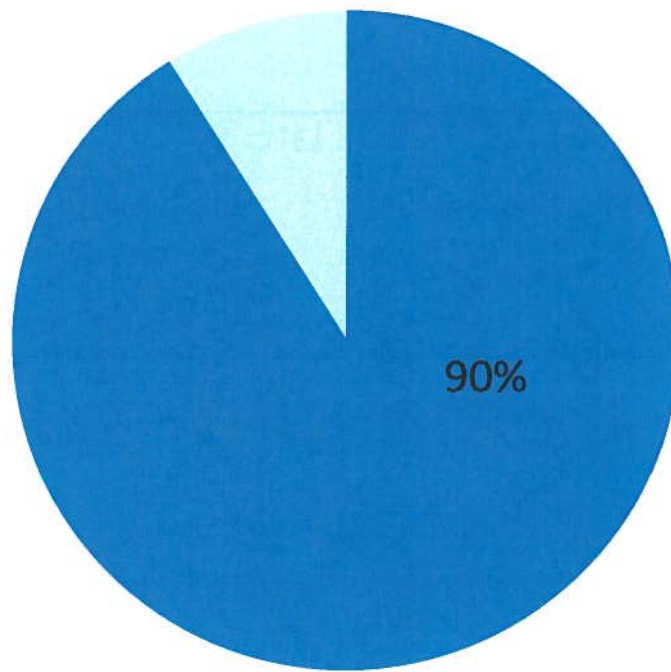
While some have claimed otherwise, there will still be many provisions in state and federal law that will benefit consumers when this plan passes

- Federal law includes many protections for consumers, including:
 - **Requires that insurers guarantee issue** coverage to all who apply, prohibiting them from rejecting those that have a medical condition
 - **Prohibits insurers from dropping health coverage** when people get sick
 - Establishes Medical Loss Ratio (MLR) standards that **require that insurers spend at least 80% of premium dollars for medical care** – not administrative costs
 - **Ends lifetime benefit limits** and restricts annual limits
- After passage of the ACA, Michigan file and approve rate approval process was deemed to be “effective” by the federal government. HHS said that Michigan “has improved the rate and rigor of their rate review process.”
- **BCBSM will be required to continue to guarantee issue health coverage until federal law requires all insurers, including BCBSM, to do so in 2014**

The Governor’s proposal will create more competition, resulting in more and better choices for consumers in a well-functioning market place

As a nonprofit, BCBSM pays a high percentage of premium dollars toward medical claims. This will continue should BCBSM become a nonprofit mutual.

Percent of BCBSM premiums collected used to pay claims, 2011



- 90 cents of every dollar received by BCBSM goes directly to hospitals, doctors and other providers across the state -- **ensuring our customers receive great value for their premium dollar.**
- BCBSM has lost money selling health insurance every year since 2006.

CONCLUSION

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